

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7945

BILL NUMBER: SB 606

NOTE PREPARED: Jan 14, 2005

BILL AMENDED:

SUBJECT: Chief information officer.

FIRST AUTHOR: Sen. Ford

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill creates the Office of Technology by combining the duties performed by the Division of Information Technology of the Department of Administration, the Information Technology Oversight Commission, and the Intelnet Commission, including the Enhanced Data Access Review Committee. The bill transfers to the new office the duties, rules, personnel, funds, and equipment of the combined entities. It also makes conforming changes. The bill provides that the Chief Information Officer participates in decisions made by the Higher Education Telecommunications System. The bill repeals the statutes establishing the state Information Technology Oversight Commission, the Information Technology Advisory Committee, the Intelnet Commission, and a definition of intelnet in the public purchasing law.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Summary:* The overall fiscal impact of this legislation is estimated to be minimal. The provisions of this bill have been divided into four sections. The fiscal impact of each section is explained below:

(1) *Reorganization:* The cost of this general restructuring is expected to be limited. The transition is not expected to necessitate the hiring of additional support staff or require additional office space.

(2) *New responsibilities for State Agencies:* The possible increase in administrative costs that may result from these new responsibilities could presumably be covered through the use of existing staff and resources.

(3) *Indiana Higher Education Telecommunication System (IHETS):* It is estimated that any revenue lost, from

a private entity finding another provider, would be made up by the cost savings in not having to provide services to that entity any longer.

Background Details: The following is a more detailed description of the sections discussed above.

(1) Reorganization: The Office of Technology (Office), created in this bill, will combine the rules, personnel, funds, and equipment of four existing entities:

- (1) the Department of Administration's Division of Information Technology;
- (2) the Information Technology Oversight Commission;
- (3) the Intelenet Commission; and
- (4) the Enhanced Data Access Review Committee (EDARC).

The cost of this general restructuring is expected to be limited. The transition is not expected to necessitate the hiring of additional support staff or require additional office space. This bill provides that the Governor appoints the Chief Information Officer (CIO) of the Office.

The December 7, 2004, state staffing report indicates that the Department of Administration's Division of Information Technology (DoIT) currently has 119 positions filled, and approximately 43 vacancies. The Information Technology Oversight Commission (ITOC) has 7 positions, of which 5 are filled. The Intelenet Commission has 45 authorized positions, of which 35 are filled.

The Intelenet Commission provides administrative staff for the EDARC, whose membership is as follows:

- (1) The State Budget Director or the director's designee.
- (2) The Commissioner of the Indiana Department of Administration or the Commissioner's designee.
- (3) A liaison from the Governor's office.
- (4) The Director of the State Library or the Director's designee.
- (5) The Director of the Commission on Public Records or the Director's designee.
- (6) The Attorney General or the Attorney General's designee.
- (7) Three individuals who are members of the general public appointed by the Governor for three-year terms.

DoIT is funded through the Data Processing Rotary Fund and the Telephone Rotary Fund. Revenue to these rotary funds comes from fees assessed on state agencies. During the FY 2004 - FY 2005 biennium, DoIT is budgeted approximately \$59,587,500 each year. DoIT also receives an annual \$2.18 M appropriation from revenue to the state's Pay Phone Account.

ITOC receives a General Fund appropriation. During the current biennium, ITOC was budgeted \$663,403 each year. The bill specifies that the FY 2006 appropriation to DoIT and to ITOC are transferred to the Office of Technology beginning July 1, 2005.

The Intelenet Commission is a body corporate and politic, and not supported by state appropriations. The Commission's net income for CY 2003 was approximately \$1.3 M, and for CY 2002 was approximately \$3.3 M.

(2) New Responsibilities for State Agencies: This bill also requires that all executive and administrative branch

state agencies(*see excluded entities below), shall use the information and telecommunications services provided by the Office. The agencies that are included in this provision are also required to submit all budget requests relating to information technology to the CIO for review. Any increase in administrative costs that result from this provision could presumably be covered through the use of existing staff and resources.

(3) Indiana Higher Education Telecommunication System (IHETS): This bill also provides that any private entity, in order to use telecommunication services as provided by the IHETS, must prove that no other provider is available, or that using another provider would create a hardship on the entity seeking services. This provision is expected to have little impact on the IHETS. It is estimated that any revenue lost, from a private entity finding another provider, would be made up by the cost savings in not having to provide services to that entity any longer.

Explanation of State Revenues: *(4) Rotary Fund Transfer and/or Creation:* The bill transfers to the Office the Data Processing Rotary Fund (DPR Fund), the Telephone Rotary Fund (TR Fund), and establishes the AccessIndiana Rotary Fund (AIR Fund). The bill provides that the CIO and the Budget Agency will determine what revenue will be deposited in these funds.

The DPR and TR funds currently exist in statute, and are used to fund the Department of Information Technology (DoIT) within the Department of Administration. This bill repeals the current funds and reestablishes them within the Office. The DPR fund had revenue of approximately \$58 M in FY 2004 and \$53 M in FY 2003. The TR Fund had revenue of approximately \$3.1 M in FY 2004 and \$4.2 M in FY 2003.

The Intelenet Commission currently charges and collects Access Indiana user fees. In FY 2003, the Intelenet Commission collected \$19.4 M in fees and had Access Indiana operating costs of \$19.1 M.

The impact on state revenues resulting from these provisions will ultimately depend upon the actions of the CIO and the Budget Agency.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Administration; Information Technology Oversight Commission; Intelenet Commission; Enhanced Data Access Commission; State Commission on Public Records; Indiana Higher Education Telecommunications System; all executive and administrative branch agencies.

Local Agencies Affected:

Information Sources: Auditor of State; State Budget Agency.

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